

## **Initiative Name:**

### ***Execute Manufacturing Summit Recommendations***

## **Initiative Description:**

The Michigan Manufacturing Summit raises awareness of the importance of manufacturing in Michigan and the United States and opens the door for the governor to form a partnership with business and labor that will help Michigan's overall economy, not just the business climate. It provides an open forum for business and labor leaders as well as representatives of education and state government to reach consensus on federal and state initiatives that will help Michigan remain the home of world class manufacturing industries. The 40 leaders attending the meeting reached consensus on nine initiatives – five on the federal level and four on the state level. The Governor, as well as business and labor leaders, agreed to lobby for changes at the federal level. The Governor agreed to work with business and labor to take the steps needed to make changes at the state level. Following is a synopsis of the consensus reached on changes needed at the federal and state levels.

### ***FEDERAL LEVEL***

#### ***International Trade***

To improve competitiveness in international trade a level playing field for manufacturing must be created. Summit participants believe that international trade regulations are not adequately enforced by the federal government, which is negatively impacting the competitiveness of the U.S. manufacturing base. Changes to be lobbied for in Washington include:

- Stop currency manipulation
- Make countries live up to their World Trade Organization commitments
- Protect the intellectual property of American companies
- Insist our trading partners eliminate non-tariff barriers.

#### ***Workforce Training and Development***

A well-educated and skilled workforce is essential for the success of manufacturing in Michigan and the U.S. Workforce training and technical assistance for small- and medium-sized companies and R&D are key to developing that workforce. Changes to be lobbied for in Washington include:

- Increase federal funding for job training and gain more flexibility in the grants to retrain current workforce
- Restore and increase funding for the Manufacturing Extension Program
- Capture a larger share of federal funding for R&D development

#### ***Rising Pension and Health Care Costs***

Companies want to provide appropriate pension and health care benefits to their employees, but the skyrocketing cost of those benefits must be addressed and curbed. Those costs negatively impact competitiveness when companies are forced to divert money from R&D and hiring to cover those liabilities. Changes to be lobbied for in Washington include:

- Replace the 30-year Treasury rate with a rate based on long-term corporate bond indices

- Collaborate with business and labor to develop practical steps for federal actions to reduce costs and improve access as well as the quality and efficiency of the health care system.
- Secure more funding for the uninsured and the underinsured

### ***US - Canada Border Infrastructure***

Manufacturers trade parts and finished goods across North America and around the globe.

Customs procedures must be simplified and automated to facilitate the flow of low-risk goods.

Changes to be lobbied for in Washington include:

- Seek federal funds to add technology, personnel and capacity to streamline entry across the U.S.-Canadian border
- Improve coordination among federal agencies responsible for the border
- Accelerate the development of a process for firms shipping large volumes across borders to allow self-certification and sealing of trucks

### ***Energy Policy***

The US needs diversified, affordable, reliable, new domestic and competitive sources of energy, such as clean coal, oil, natural gas, hydro, solar, wind, alternative feed stocks and biomass, and investment in infrastructure, as well as a national focus on conservation.

- The Governor, business and labor will argue for a thoughtful approach to energy policy that supports manufacturing, is reliable and promotes the use of diverse energy sources.

## **STATE LEVEL**

### ***Taxes***

Michigan must be competitive with other states in relationship to overall business costs, especially for its manufacturers. We need to strike the right balance between low taxes and essential services that are critical to Michigan's economic well-being. First steps include:

MEGA

Reauthorize MEGA

Revise MEGA to focus more on retention

Temporary increase in number of MEGA's allowed annually

Direct State Treasurer Jay Rising to examine state business tax structure and the need for change

Fix the special tools rule

### ***Workforce Issues***

Michigan must have an education and training system that provides graduates with the skills and knowledge to compete in the workplace and to continue their education. It must support manufacturing firms in building their human capital. First steps include:

- Align and integrate economic and workforce development
- Promote innovation and entrepreneurship
- Elevate the role of community colleges
- Establish regional skills alliances
- Focus like a laser on improving basic skills through rigorous grade level content expectations in math, science, and reading

### ***Health Care***

Michigan's population is less healthy than the U.S. as a whole. This contributes to Michigan's health care costs being higher than the national average. First steps include

- Encourage public-private partnership to promote healthy lifestyles and disease prevention
- Work together to establish best practices
- Form a smaller work-group to formulate national health care actions

### ***State Permitting***

Michigan must streamline its permitting process to be competitive with other states in terms of how quickly permits and applications are processed. First steps include:

- Create a single State website for individuals or businesses seeking licenses or permits
- Eliminate unnecessary forms, procedures, or requirements
- Assist applicants for permits or licenses with web-based tools
- Capture permitting and licensing data once
- Enable on-line tracking of permit and licensing status
- Develop master applications packages for complex projects
- Initiate the PLEDGE pilot
- Allow for air quality permitting review and decision within 120 days
- Guarantee fixed dates for decisions

### **Milestones:**

#### **COMPLETED MILESTONES**

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### **Expected Outcomes:**

#### ***Administration Goals Attained:***

- Michigan becomes more competitive with other states in overall business costs, which, in turn, makes its businesses become more competitive
- More businesses are attracted to Michigan because of its business and labor friendly policies
- Michigan becomes a benchmark for collaboration between business, labor, education and government
- Increase understanding of the importance of manufacturing at a state and local level
- Michigan's image becomes lean, green and collaborative rather than that of a state with big government, big labor, big business that haggle with one another and have a less than stellar track record for improving the environment and using land wisely
- Business, labor and the educational community work together to improve the education and training system so Michigan's workers can better compete in the marketplace
- Grow a strong, collaborative relationship between business, labor, education and government that will enhance Michigan's economy and protect and create manufacturing jobs in this state
- Michigan attracts capital investment in technology by creating an environment for spin-offs and encouraging private equity investment

- Develop a tax policy that strikes the right balance between low taxes and essential services that are critical to Michigan's economic well-being
- Strengthen R&D and high tech operations in Michigan
- Health care costs in Michigan are lowered because its residents live a healthier lifestyle
- Business, labor, education and government work together to commercialize products and processes developed at the university level
- Michigan's companies form a more collaborative relationship one with another

Other Benefits and Outcomes:

**Progress to Date:**

- Late summer/early fall – Encouraged governors of other manufacturing states to join Michigan in hosting manufacturing summits with key business and labor leaders in their states. The goal is to create a consensus document the governors can take to Washington in the first quarter of 2004. Summits held in Ohio, Wisconsin and Minnesota.
- October/November – Manufacturing survey sent to more than 7,000 individuals in the manufacturing community. A total of 1,096 completed the questionnaire.
  - On the state level, the results of the survey show that Michigan must develop strategies that make our state more attractive to retaining current businesses and attracting new businesses. We need to reduce the red tape involved in maintaining, expanding and starting businesses. The results also show that business views changes at the federal level as more important than any single change on the state level.
  - Global competition ranked as the No. 1 competitive force followed by competition (in descending order) from other U.S. firms, workforce skills, improving the production process, new technology, federal government policy, management, access to capital, state government policy and energy costs.
  - Top priority actions including (in descending order) level international playing field, currency manipulation, high-quality education/workforce, SBT replacement, online one-stop permitting shop, expand federal trade TA programs, federal prescription drug benefit, "Buy American" DOD legislation, training grants for workers, enforce WTO commitments, expand federal support for R&D, industry-led skills alliances, intellectual property protections, federal environmental permitting, continue MEGA, interstate alliances, collaborative business models, attract/retain science, engineering students, replace FSC/ETI rules, change pension laws on contributions and support R&D through state incentives.  
This information was used to help gain consensus among those attending the Manufacturing Summit.

- October/November – Conducted interviews/roundtables with Manufacturing Summit participants and interested parties to gain data on manufacturing issues prior to Summit to help gain consensus
- December – Michigan Manufacturing Summit held.
- December – Governor Granholm signed an executive order creating a one-stop shop for all Michigan business permits and licenses.
- December - Governor signs legislation reauthorizing MEGA fixing the special tools rule, and reducing the SBT add-back for health insurance costs